

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

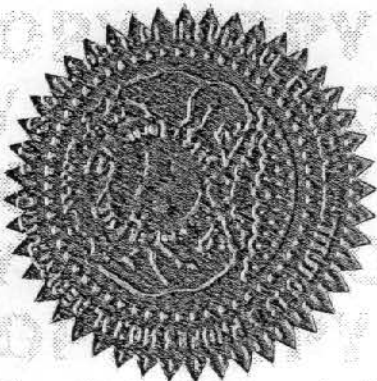
RE: Examination Report of General American Life Insurance Company as of December 31,
2006

ORDER

After full consideration and review of the report of the financial examination of General American Life Insurance Company for the period ended December 31, 2006, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Douglas M. Ommen, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, the findings and conclusions of the examination report are incorporated by reference and deemed to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo.

Based on such findings and conclusions, I hereby ORDER General American Life Insurance Company, to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with, each item mentioned in the General Comments and/or Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this May 23, 2008.



DOUGLAS M. OMMEN, Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF
FINANCIAL EXAMINATION

GENERAL AMERICAN LIFE INSURANCE COMPANY



FILED
JUN 02 2008
DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

AS OF
DECEMBER 31, 2006

STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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April 10, 2008
St. Louis, Missouri

Honorable Alfred W. Gross, Commissioner
Bureau of Insurance
Virginia State Corporate Commission
Chairman, Financial Condition (E) Committee, NAIC

Honorable Merle D. Scheiber, Director
Division of Insurance
State of South Dakota
Secretary, Midwestern Zone, NAIC

Honorable Douglas M. Ommen, Director
Missouri Department of Insurance, Financial Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Dear Sirs:

In accordance with your financial examination warrant, a full scope association financial examination has been made of the records, affairs and financial condition of:

General American Life Insurance Company

hereinafter referred to as such or as "GALIC" or as the "Company." The Company's statutory home office is located at 13045 Tesson Ferry Road, St. Louis, Missouri, telephone number (314) 843-8700. This examination began on March 12, 2007 and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The last full scope association financial examination of the Company was made as of December 31, 2002, by examiners from the state of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC) with no other zones participating.

The current full scope association financial examination covers the period from January 1, 2003, through December 31, 2006, and was conducted by examiners from the state of Missouri representing the Midwestern Zone of the NAIC with no other zones participating.

This examination also included material transactions and/or events occurring subsequent to December 31, 2006.

Procedures

This examination was conducted using the guidelines set forth in the Financial Condition Examiners Handbook of the National Association of Insurance Commissioners, except where practices, procedures and applicable regulations of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) and statutes of the state of Missouri prevailed.

COMMENTS PREVIOUS EXAMINATION

The comments and recommendations of the previous examination report, made as of December 31, 2002, are listed below. The Company's response to these items and the current findings related to the 2002 comments and recommendations are also documented below.

Comment: Fidelity Bond Coverage

The prior examination found that the The MetLife insurance holding company system has Fidelity Bond coverage that meets the NAIC suggested minimum. However, the fidelity bond has a \$5 million deductible. The recommended minimum coverage per the NAIC for General American Life Insurance Company is \$3,500,000 and the deductible renders this entire amount uninsured. We direct the Company to obtain assurance from its parent to indemnify for losses under \$5 million.

Company Response:

"General American is strongly capitalized as demonstrated by a year-end 2003 RBC ratio of 266%. Further, General American estimates that reducing the fidelity bond deductible would cost an additional \$40,000 annually. If the full \$5,000,000 deductible were to be incurred, General American would still remain well capitalized with a RBC ratio of approximately 265%. Due to the factors detailed above, General American's management does not believe a lower deductible is cost justified."

Current Findings:

The DIFP reviewed the Company's response and determined that it was not necessary to require the Company to reduce its fidelity bond deductible. As such, the fidelity bond deductible remains at \$5 million. Management has recently reaffirmed their belief that the \$5 million deductible is reasonable as the company is even better capitalized in 2006 than it was in 2003.

Comment: Accounts and Records

The prior examination found the Company in violation of 20 CSR 200-4.010 (Books, Records, Accounts and Vouchers), paragraph (3) "Location of Files," which states, "All financial books, records and accounts necessary for the annual statement of a Missouri insurer must be kept in a central location." DIFP directed the Company to establish a central location for all financial records and that an adequate audit trail be maintained for all items on the annual statement.

Company Response:

"General American maintains all electronic financial records necessary to prepare its annual statement in Tampa, Florida, as required by the Missouri regulations. General American will create an audit trail that better details the location of all supporting policy documentation and use the experience from this exam to better prepare for future exams."

Current Findings:

General American Life Insurance Company is part of the MetLife insurance holding company system and as such utilizes MetLife's resources which are located throughout the country. Accounting records are centralized at the Company's primary location of books and records in Tampa, Florida. At the time of the previous examination, GALIC's operating systems were still being integrated with MetLife's processes and procedures. As General American has become better integrated with MetLife, the audit trail of supporting policy documentation has improved.

HISTORY

General

The Company was incorporated in June 1933 as a stock insurance company and reorganized as a mutual life insurance company in 1946. The Company reorganized back to a stock company with a mutual holding company structure in April 1997 with policyholder and Missouri DIFP approval.

On January 6, 2000, the Company was acquired by Metropolitan Life Insurance Company through its acquisition of GenAmerica Corporation and its subsidiaries, including General American Life Insurance Company for \$1.2 billion.

Capital Stock and Paid In Surplus

The Company is authorized to issue five million shares of common stock with a par value of \$1.00 per share. There were three million shares issued and outstanding at December 31, 2006, to the Company's parent GenAmerica Financial LLC.

Dividends

The following is a complete record of dividends paid since General American Life Insurance Company became a stock company.

<u>Year</u>	<u>Amount</u>
1999-2002	\$130,000,000
2004	40,000,000
2005	13,000,000
2006	<u>13,000,000</u>
Total	<u>\$196,000,000</u>

Management

Both the bylaws and articles of incorporation direct the Company to have no less than nine directors or more than fifteen directors.

At December 31, 2006, there were nine directors serving as follows:

<u>Name and Location</u>	<u>Business Affiliation</u>
Michael Kevin Ferrell New Vernon, NJ	Chief Executive Officer of MetLife Investors and MetLife Resources
Leland Convis Launer, Jr. Harding, NJ	President-Institutional Business of MetLife Group, Inc., MetLife, Inc., Metropolitan Life Insurance Company and New England Life Insurance Company
James Louis Lipscomb W. Harrison, NY	Senior Vice President of MetLife Group, Inc.
Catherine Amelia Rein New York, NY	Chairman of the Board of Metropolitan Property and Casualty Insurance Company; Senior Executive Vice President and Chief Administrative Officer of MetLife, Inc.
Stanley Jeffrey Talbi Plansboro, NJ	Senior Vice President of MetLife, Inc.
Michael Joseph Vietri Naperville, IL	Executive Vice President of MetLife Group, Inc. and Metropolitan Life Insurance Company; Senior Vice President of MetLife Securities, Inc.
Lisa Merry Weber Closter, NJ	President-Individual Business of MetLife Group, Inc. MetLife, Inc., Metropolitan Life Insurance Company; Chairman of the Board, President and Chief Executive Officer of New England Life Insurance Company
William James Wheeler Scarsdale, NY	Senior Vice President of Metropolitan Life Insurance Company
Anthony James Williamson Summit, NJ	Senior Vice President of MetLife, Inc. and Metropolitan Life Insurance Company

Article IV of the bylaws states that "The board shall elect or appoint a President and a Secretary and may elect or appoint a Chairman, a President, one or more Vice Presidents, a Treasurer and . . . other officers . . ."

The executive officers of the Company at December 31, 2006, were as follows:

<u>Name</u>	<u>Office</u>
Lisa M. Weber	Chairman of the Board, President and Chief Executive Officer
Daniel D. Jordan	Vice President and Secretary
Anthony J. Williamson	Senior Vice President and Treasurer
Joseph J. Prochaska, Jr.	Executive Vice President and Chief Accounting Officer
A. Greig Woodring	Executive Vice President
Jerome M. Mueller	Senior Vice President
John E. Petersen	Senior Vice President
Michael R. Baltrus	Vice President and Appointed Actuary
Roberto Baron	Vice President
Gwenn L. Carr	Vice President and Assistant Secretary
Robert E. Dehais	Vice President
Kevins S. Finnegan	Vice President and Associate General Counsel
Ignazio J. Greco	Vice President
Sebastian J. Janssen	Vice President
Andrew Kaniuk	Vice President
Karen A. King	Vice President and Actuary
Christopher A. Kremer	Vice President
William C. Lane	Vice President
William Rhatigan	Vice President
John J. Ryan	Vice President
Henryk Sulikowski, Jr.	Vice President
Frank J. Tocco	Vice President
William S. Slater	Vice President

The bylaws empower the board of directors to appoint committees, but at this time the Company has no committees.

Conflict of Interest

Metlife, Inc. has a comprehensive Employee Code of Business Conduct and Ethics policy that applies to all employees and officers of the subsidiaries and affiliates of MetLife, Inc. The policy requires directors, officers and key employees to electronically sign business conduct certificates affirming compliance with the Code of Business Conduct standards and identify conflicts of interest. The policy requires that forms be signed annually by all directors and appointed officers. A review of certificates signed by GALIC's Directors and Officers disclosed no significant conflicts of interest during the period under examination.

Corporate Records

Only one change has been made to the Company's articles of incorporation during the current examination period. The articles of incorporation were amended June 16, 2004, to update the address of the Company's principal office after the sale of the downtown St. Louis office. The Company's bylaws have not been amended since the last examination. The last amendment to the bylaws was October 24, 2002.

A review was made of the board of directors' meeting minutes. The minutes appear to properly support and document approval of the major corporate transactions and events for the period under examination. The board accepted the prior examination report.

Acquisitions, Mergers and Major Corporate Events

GALIC's subsidiary John S. McSwaney & Associates, Inc. was dissolved in December 2003. Zero statutory book value was reported for this subsidiary prior to the dissolution.

In December 2004, GALIC's parent company, GenAmerica Financial Corporation, was dissolved into its subsidiary GenAmerica Financial, LLC, making it the direct parent of GALIC. As a result of this transaction, GenAmerica Financial, LLC became a direct subsidiary of Metropolitan Life Insurance Company, which is directly owned by MetLife, Inc.

In December 2004, GALIC's subsidiary Equity Intermediary Company was dissolved, resulting in GALIC directly holding the assets and liabilities formerly held by the subsidiary. Prior to the dissolution, Equity Intermediary Company had preferred stock issued and outstanding that was held by MetLife, Inc. Upon dissolution, MetLife, Inc. contributed the preferred shares to GALIC through its parent, Metropolitan Life Insurance Company, in the form of a capital contribution of \$93,402,000.

On March 15, 2005, GALIC sold its subsidiary Krisman, Inc. to Metropolitan Life Insurance Company for \$31 million. The statement value of Krisman, Inc. was \$32 million and actual cost was \$50 million at December 31, 2004. The pre-tax loss on the sale was \$19 million.

Also on March 15, 2005, GALIC sold its subsidiary White Oak Royalty to Metropolitan Life Insurance Company for \$14 million. The statement value of White Oak Royalty was \$5 million and actual cost was \$1.4 million. The pre-tax gain on the sale was approximately \$12 million.

On March 23, 2005, GALIC's subsidiary GenAmerica Management Corporation transferred all of its assets and liabilities to GALIC. As part of the transfer, GALIC received a liquidating dividend of \$29 million. The statement value of GenAmerican Management Corporation was \$59 million at December 31, 2004. No gain was recorded on the transfer. Although all of the assets and liabilities of General American Management Company (GAMCO) were returned to General American Life Insurance Company, the shell company has not been legally dissolved. GALIC no longer has an investment in GAMCO, therefore no value is shown on Schedule D. However the entity remains on the organizational chart until dissolution.

In May 2006, GALIC sold its subsidiary Paragon Life Insurance Company to MetLife, Inc., for \$75.8 million. MetLife, Inc. subsequently merged Paragon Life Insurance Company with and into Metropolitan Life Insurance Company.

Surplus Debentures

On January 27, 1994, the board ratified the issuance of 7.625% surplus notes due January 2024 totaling \$107,000,000. The notes were priced to yield investors 7.72% or 130 basis points over the 30-year U.S. Treasury Note. The Bank of New York as paying agent administers the notes. This transaction was approved by the Missouri DIFP. After costs and the establishment of a debt service account of \$8,158,750, the issuance of the notes increased surplus by approximately \$97 million. Interest on the notes is paid semi-annually with approval by the Missouri DIFP. All interest payments are current and have been paid timely.

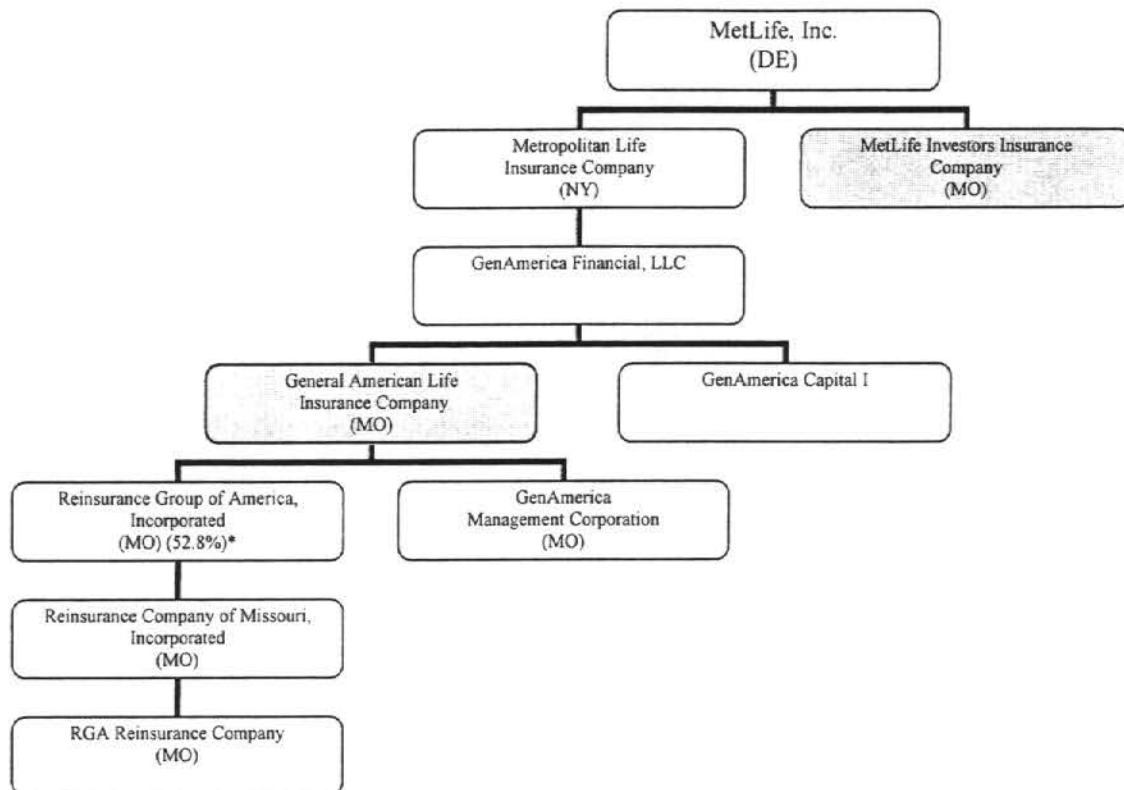
AFFILIATED COMPANIES

Holding Company, Subsidiaries and Affiliates

The Company is part of an Insurance Holding Company System as defined by Section 382.010 RSMo (Definitions). MetLife, Inc. is the ultimate parent of the Insurance Holding Company System. General American Life Insurance Company is a wholly owned subsidiary of GenAmerican Financial, LLC, which is owned by Metropolitan Life Insurance Company, which is a direct subsidiary of MetLife, Inc.

Organizational Chart

The following is a small segment of the entire organizational chart and depicts those companies directly related to General American Life Insurance Company and other Missouri domestic insurance companies. All companies are 100% owned by their immediate parent unless otherwise noted.



General American Life Insurance Company owns 52.8% of Reinsurance Group of America, Inc.

Affiliated Transactions

At December 31, 2006, General American Life Insurance Company was party to over thirty-five service, management and expense sharing agreements with affiliates. The majority of these agreements are dormant and no fees are being incurred under the agreements. Although no expenses have been incurred under these agreements, the services to be provided under various agreements often overlap. In addition, many of the agreements reference companies that no longer exist or have changed names. As a result, the Company has committed to DIFP that many of these dormant agreements will be terminated. It is recommended that the Company take steps to eliminate dormant or unnecessary agreements with affiliates.

The summary below describes affiliated agreements under which expenses were incurred / (earned) in 2006. Our examination of these expenses discovered numerous errors of amounts reported on the Company's 2006 Form B Supplement. The Form B Supplement is a summary of expenses incurred/(earned) under affiliated agreements that is required as part of the annual Form B filing required by 20 CSR 200-11.101 (Insurance Holding Company System Regulation With Reporting Form and Instructions). These errors were not included individually in this examination report as they did not have a material impact on the Company's financial statement. However, the Company should take steps to ensure that amounts reported in the Form B Supplement are accurate in future filings.

1. Type: Services Agreement
Parties: Metropolitan Life Insurance Company and subsidiaries (including General American Life Insurance Company)
Effective: Originally effective 1/1/78; GALIC added 5/22/2000; amended 12/1/2003
Terms: Makes all parties of the agreement "providers" eligible to provide services to "recipient" parties of the agreement, to the extent requested by a recipient as reasonably necessary for its business and investment operations. Services include accounting, tax, auditing, legal, actuarial, sales, electronic data processing, communications and investment services. The agreement also allows providers to make available facilities, electronic data processing equipment, business property, communications equipment and security vaults to recipients.
Rates: Fees are calculated monthly equal to all expenses, direct and indirect, reasonably and equitably attributable to providing such services and facilities. GALIC incurred expenses of \$51,046,073 under this agreement in 2006.
2. Type: Services Agreement
Parties: MetLife Group, Inc. and MetLife, Inc. subsidiaries (including General American Life Insurance Company)
Effective: 1/1/2003
Terms: Metlife Group, Inc. provides subsidiaries such services as requested for the conduct of its operations. MetLife Group, Inc. provides personnel, on an as needed basis, qualified to perform services including the following: legal, communications, human resources, broker-dealer, general management, controller, investment management, actuarial, treasury, benefits management, information systems and technology and claims underwriting and policyholder services.
Rates: Subsidiaries pay MetLife Group, Inc. a charge equal to all expenses, direct and indirect, including compensation and employee benefits, reasonably and equitably determined by MetLife Group, Inc. to be attributable to such subsidiary for services provided by MetLife Group, Inc. GALIC incurred expenses of \$8,383,673 under this agreement in 2006.
3. Type: Investment Management Agreement
Parties: General American Life Insurance Company and Metropolitan Life Insurance Company (MLIC)
Effective: 1/1/2001
Terms: Metropolitan Life Insurance Company provides General American Life Insurance Company with investment advisory services, portfolio management services and back-office services for all cash, cash equivalents, securities, loans contracts, investments and other property or interests in respect of GALIC's general account.

- Rates: GALIC pays MLIC an annual fee in quarterly installments in arrears in an amount equal to 0.25 times the Annual Fee Rate. The Annual Fee Rate is equal to all expenses direct and indirect, reasonably and equitably determined to be attributable to General American Life Insurance Company. GALIC incurred expenses of \$4,988,725 under this agreement in 2006.
4. Type: Principal Underwriting Agreement
Parties: General American Life Insurance Company and MetLife Investors Distribution Company
Effective: July 25, 2001
Terms: MetLife Investors Distribution Company (formerly General American Distributors, Inc.) acts as principal underwriter of certain flexible premium variable life insurance policies and variable annuity contracts issued by General American Life Insurance Company. The underwriter enters into dealer agreements with other broker/dealers who solicit applications for policies (at their own expense) and perform all duties necessary for proper distribution of the policies.
Rates: The underwriter receives compensation from General American Life Insurance Company in amounts sufficient to pay operating expenses related to the distribution of GALIC policies. Such expenses are charged at cost under the terms of service agreements between the companies. GALIC incurred expenses of \$4,332,995 under this agreement in 2006.
5. Type: Marketing and Service Agreement
Parties: General American Life Insurance Company and Metropolitan Life Insurance Company
Effective: 4/1/2001
Terms: Metropolitan Life Insurance Company sells certain individual life insurance products of GALIC through their career agents / agency (MetLife General Insurance Agency, Inc.) GALIC performs certain product manufacturing and administration services for the sale of these products. MLIC collects and receives data from the application, orders underwriting requirements and completes the underwriting review. Once finalized, the underwriting information is forwarded to GALIC for policy issuance and/or electronic file storage.
Rates: GALIC pays MLIC commissions, product-related marketing allowances and underwriting service fees in conjunction with this agreement. Marketing allowances are based on actual expenses, but are capped at maximums for each product. Commissions are calculated as a percentage of placed premiums for each product and are subject to charge-backs for premature surrender of policies. Underwriting service fees are paid per thousand of policy face amount for business placed. GALIC incurred expenses of \$1,322,527 under this agreement in 2006.

6. Type: Service and Expense Agreement
Parties: General American Life Insurance Company and Metlife Investors Distribution Company
Effective: 4/21/2001
Terms: GALIC provides MetLife Investors Distribution Company with the following services: legal, communications, human resources, general management, financial and accounting, information technology and any other reasonably required human resources. GALIC also agrees to provide fully furnished facilities for operations including telephone, telecommunication and any other reasonably required utility resources.
Rates: MetLife Investors Distribution Company pays GALIC for costs incurred on behalf of the distribution company. GALIC incurred expenses of \$3,424 under this agreement in 2006.
7. Type: Wholesale Sales Agreement and Addendum
Parties: General American Life Insurance Company, New England Life Insurance Company, Metropolitan Life Insurance Company, and MetLife Distribution Company
Effective: 10/26/2004
Terms: This agreement helps facilitate the arrangement for GALIC products to be offered by its affiliates, whereby GALIC agrees to assume responsibility for any commission chargeback that would otherwise be the responsibility of the principle underwriter of the products.
Rates: GALIC receives the manufacturing profits priced into the products sold pursuant to the Company's cross-selling agreements with affiliates based on compensation schedules included in the contract. GALIC earned \$930,677 in fees under this agreement in 2006.
8. Type: Service Agreement
Parties: General American Life Insurance Company and First MetLife Investors Insurance Company
Effective: 4/19/2004
Terms: Under the terms of this agreement, First MetLife Investors Insurance Company makes its life insurance and annuity products available to its contracted producers in order to increase its sales volume. GALIC agrees to provide access to its St. Louis based compensation system for compensation distribution in connection with the sale of the products.
Rates: Fees are based on the actual cost of providing the compensation system services. GALIC earned \$266,951 under this agreement in 2006.
9. Type: Marketing Agreement
Parties: General American Life Insurance Company and Metropolitan Life Insurance Company
Effective: 1/1/2001

- Terms: GALIC makes available competitive individual disability income and long term care products to be sold to individuals and business entities through its General Agents, Agents and Brokers. Metropolitan Life Insurance Company is the manufacturer of the products and performs certain underwriting, administration and sales support functions in support of the agreement.
- Rates: Fees are paid on commissions and related marketing allowances based on rates set in the contract. GALIC earned \$2,809,888 under this agreement in 2006.
10. Type: Partnership Agreement – Intermediate Income Pool
- Parties: General American Life Insurance Company, Metropolitan Life Insurance Company, Metropolitan Insurance and Annuity Company, First MetLife Investors Insurance Company, MetLife Investors Insurance Company, MetLife Investors USA Insurance Company, Metropolitan Tower Life Insurance Company, New England Life Insurance Company and Texas Life Insurance Company
- Effective: 2/1/2002
- Terms: The exclusive purpose of the partnership is to invest and reinvest the cash and assets of the partners to achieve liquidity, safety of principal and yield by investing in debt and equity securities of various issuers. Metropolitan Life Insurance Company is designated as the manager of the partnership. The partnership holds its assets solely for the benefit of each partner in proportion to each partner's pro-rata share of the partnership's assets.
11. Type: Tax Allocation Agreement
- Parties: MetLife Inc. and subsidiaries
- Effective: January 1, 2006
- Terms: GALIC is included in a written Tax Allocation Agreement with MetLife, Inc. Due to the elapse of the five year waiting period on January 1, 2006, the Company became a member of the MetLife, Inc. and affiliates consolidated federal income tax return. MetLife, Inc. allocates income tax expenses or benefits to members of the consolidated group based on each subsidiary's contribution to consolidated taxable income or loss using the statutory rate applicable to the consolidated group.

All of the above agreements have been appropriately filed with the Missouri Department of Insurance, Financial Institutions and Professional Registration.

FIDELITY BOND AND OTHER INSURANCE

The majority of the Company's insurance coverage is administered through MetLife Insurance Company, which purchases insurance coverage for itself and its subsidiaries. The Company is included as a named insured on a crime insurance policy with a single loss limit of \$50,000,000 and a deductible of \$5,000,000. The Company is also a named insured under MetLife's Excess Crime Insurance policy, giving it aggregate crime coverage of \$250,000,000. This coverage complies with the suggested minimum amount of fidelity insurance prescribed by the NAIC.

The Company is also covered by other insurance policies, including but not limited to: commercial general and automobile liability, directors and officers liability, property insurance and workers compensation coverage. The Company appears to be adequately protected by its insurance coverage.

EMPLOYEE BENEFITS AND PENSION PLANS

The Company has no employees. All personnel services are provided through an affiliated company service agreement. The personnel are employed by MetLife Group, a subsidiary of MetLife, Inc. Employees receive a comprehensive benefit package, which includes health and life insurance, paid time off, educational benefits, a defined benefit retirement plan and various savings options. Benefit expenses are allocated to General American Life Insurance Company through the Service Agreement with MetLife Group on a monthly basis.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri Department of Insurance, Financial Institutions and Professional Registration as of December 31, 2006, are reflected below. These deposits had sufficient par and market values to meet the deposit requirement for the state of Missouri per Section 376.290 RSMo (Trust Deposits) and Section 375.460 RSMo (Deposits with director):

<u>Type of Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
U.S. Treasury Note	\$ 5,000,000	\$ 5,046,094	\$ 5,056,445

Deposits with Other States

The Company has funds on deposit with other states in which it is licensed. Those funds on deposit as of December 31, 2006, were as follows:

<u>State</u>	<u>Type of Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
California	Line of Credit	\$ 400,000	\$ 400,000	\$ 400,000
Georgia	U.S. Treasury Note	90,000	90,830	91,047
New Mexico	U.S. Treasury Note	105,000	105,968	106,352
North Carolina	U.S. Treasury Bonds	400,000	460,553	475,797
Oklahoma	U.S. Treasury Note	125,000	126,152	126,330
Texas	U.S. Treasury Notes	4,919,000	5,063,234	5,024,372
Virginia	U.S. Treasury Notes	520,000	506,945	515,622
Canada	Various	1,853,911,590	1,178,113,333	1,079,059,786
Total		<u>\$ 1,860,470,590</u>	<u>\$ 1,184,867,015</u>	<u>\$ 1,085,799,306</u>

The above information does not agree with the Company's 2006 Annual Statement Schedule E – Part 3 – Special Deposits. The Company failed to include some funds held on deposit in Canada in the Special Deposits Schedule. The book value of securities reported by the Company on Annual Statement Schedule E - Part 3 was understated \$316,103,190 and the fair value of those deposits was understated \$191,446,154. These assets are restricted and not available for the benefit of all policyholders and should be reported as such in future Annual Statement filings.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

General American Life Insurance Company is licensed with the Missouri Department of Insurance, Financial Institutions and Professional Registration under Chapter 376 RSMo "Life and Accident Insurance" to write life insurance, annuities and endowments, accident and health insurance and variable contracts. The Company is also licensed to write life insurance in the District of Columbia, Puerto Rico, Canada and all U.S. states except New York.

The Company distributes its products and services through a nationwide network of general agencies and independent brokers and dealers. The Company has essentially ceased writing new business as only 1,407 policies were issued in 2006, compared to 16,279 in 2005 and 35,218 in 2004.

The Company's business is concentrated within four major lines of business: individual products, group life, group pensions and reinsurance. At December 31, 2006, the Company had approximately 338,000 individual life insurance policies in force and approximately 620 group policies, covering over 500,000 employees and dependents.

In October 2006, GALIC entered an agreement with Great West Life and Annuity Insurance Company (Great West) to sell over 90% of its group retirement business to Great West. Group contracts involved in the sale will be transferred to Great West over the next three years. Until the transfer is complete, the business will be 100% ceded to Great West. GALIC received \$9 million for the sale. Of that amount, \$5 million has been deferred and will be amortized over the next three years.

Policy Forms & Underwriting, Advertising & Sales Materials, and Treatment of Policyholders

The Missouri Department of Insurance, Financial Institutions and Professional Registration has a market conduct staff that performs a review of these issues and generates a separate market conduct report. The most recent Market Conduct Examination report released by the Missouri Market Conduct Division was in October 2002. The report did not disclose any items having a significant impact on the financial condition of the Company.

REINSURANCE

General

Direct written, assumed and ceded premium for the current examination period was as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Direct Business	\$ 884,257,483	\$ 1,092,403,463	\$ 1,280,983,536	\$ 1,191,478,488
Reinsurance Assumed	170,550,023	151,693,296	123,769,753	87,893,310
Reinsurance Ceded	552,205,172	1,149,777,626	714,913,041	626,537,785
Net Premiums	\$ 502,602,334	\$ 94,319,133	\$ 689,840,248	\$ 652,834,013

Assumed

Gross premiums assumed for the three years under examination were:

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Life and Annuity	\$ 170,331,230	\$ 152,183,641	\$ 124,031,796	\$ 87,591,374
Accident and Health	218,793	(490,345)	(262,043)	301,936
Total	\$ 170,550,023	\$ 151,693,296	\$ 123,769,753	\$ 87,893,310

Almost all reinsurance assumed from unaffiliated companies is administered by General American Life Insurance Company's subsidiary, RGA Reinsurance Company. The greatest proportion of reinsurance assumed is from RGA Life Reinsurance Company of Canada, an affiliate. This business is then 100% retroceded to RGA Reinsurance Company. The Company refers to this as Canadian "pass through" business. The primary reason that the business "passes through" General American Life Insurance Company is that General American Life Insurance Company is licensed in Canada and RGA Reinsurance Company is not licensed in Canada.

Ceded

General American Life Insurance Company has hundreds of reinsurance agreements in place, however, there are four major reinsurers that accounted for 89.71% of the life premium ceded in 2006; MetLife Investors USA Insurance Company, RGA Reinsurance Company, Security Life of Denver Insurance Company and Swiss Re Life & Health America Inc.

The Company has historically reinsured the mortality risk on new individual life policies on an excess of retention basis. Prior to 2005 all new individual life policies were reinsured up to 90% of the mortality risk. These retention practices were changed in 2005. Under the new retention guidelines the Company reinsures up to 90% of the mortality risk in excess of \$1 million for most new life policies. For certain policies the retention strategy has remained unchanged. On a case by case basis the Company may retain up to \$2.5 million per life. The Company's maximum reinsurance coverage provided on an automatic basis has also changed over time. Prior to 2005 the limits were \$35 million maximum automatic binding limit and \$50 million maximum jumbo binding limit, graded by reinsurance arrangement, issue age, rating, and risk type. These limits were increased in 2005 to \$50 million maximum automatic binding limit and \$65 million maximum jumbo binding limit.

For risks in excess of the automatic reinsurance coverage limits, General American Life Insurance Company submits cases facultatively to reinsurers. If General American Life Insurance Company is not able to obtain enough capacity through internal retention and external reinsurance, the case could be issued for the maximum capacity available or the case would not be issued.

Significant Reinsurance Transactions

Effective January 1, 2005, GALIC recaptured its reinsurance treaty with Exeter Reassurance Company (Exeter) an affiliated company. The treaty covered all secondary guarantee business sold between January 1, 2001 and June 30, 2003 not reinsured elsewhere. The company incurred a loss of \$367 million as a result of the recapture.

Concurrently, the Company entered into a 100% coinsurance treaty with MetLife Investors USA Insurance Company (MLI-USA), an affiliate, in which it cedes certain term insurance policies and universal life policies with secondary guarantees and joint and last survivor policies issued by GALIC on and after January 1, 2000. This treaty wraps around other reinsurance agreements that were in place on these products. The treaty reinsures in-force business, and as such, the provisions of SSAP No. 61 applied, regarding treatment of gain on reinsurance of in-force business. As a result, GALIC deferred \$439 million of gain on adoption of this treaty. This \$439 million was recorded as an increase to surplus. \$56 million and \$64 million of this deferred gain was amortized into income during 2006 and 2005 respectively.

Effective September 30, 2005, GALIC recaptured its reinsurance treaty with Missouri Reinsurance, an affiliated company. The treaty covered all business owned life insurance and included a recapture fee of \$15 million.

ACCOUNTS AND RECORDS

General

The Company uses internally written client-server applications to maintain the reporting of significant operational functions such as underwriting, billing, claims and actuarial. A commercially written software system (PeopleSoft Financials) is used for general ledger, accounts payable, and human resources / payroll purposes.

Independent Auditor

An independent accounting firm audits the Company annually. The Company's auditor for the year ended December 31, 2006, was Deloitte & Touche LLP. A review was made of the workpapers of the most recent CPA audit. These workpapers and reports were used in the course of this examination as deemed appropriate.

Independent Actuary

Reserves and related actuarial items as of December 31, 2006 were reviewed and certified for the Company by Steward M. Ashkenazy, Vice President and Actuary, Metropolitan Life Insurance Company.

Consulting actuary, Leon Langlitz, FCAS, MAAA, of Lewis & Ellis, Inc., was retained by the Missouri Department of Insurance, Financial Institutions and Professional Registration to review the adequacy of the Company's reserves.

Information Systems

In conjunction with this examination, Andrew Balas, Information Systems Financial Examiner with the Missouri Department of Insurance, Financial Institutions and Professional Registration conducted a review of the Company's information systems.

Examination Questionnaires

Prior to the start of fieldwork of this examination, the Chief Financial Examiner of the Missouri Department of Insurance, Financial Institutions and Professional Registration mailed the Company various questionnaires to provide the starting point for the gathering information used throughout the examination process. The importance of this information was stressed to Company management. The original due date for responses to these questionnaires was November 25, 2006. This deadline was subsequently extended to no later than the start of examination fieldwork (March 15, 2007) at the request of the Company's management. Examiners requested this information upon the start of the examination and at least weekly thereafter. The Company's responses were not received until June 2007. Company management should place a higher degree of importance on the examination planning questionnaires and ensure that they are completed by the appropriate deadline for future examinations. If completed properly, this information can be used to expedite the examination process and reduce the number of requests necessary throughout the examination.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2006, and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the Annual Statement and/or comments regarding such are made in the "Notes to the Financial Statements," which follow the Financial Statements. The failure of any column to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Notes to the Financial Statements." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the examination workpapers.

ASSETS

	Ledger and Non-Ledger Assets	Assets Not Admitted	Net Admitted Assets
Bonds	\$ 7,352,776,921		\$ 7,352,776,921
Preferred stocks	235,557,138		235,557,138
Common stocks	1,418,812,447		1,418,812,447
Mortgage loans	235,513,496		235,513,496
Real estate	75,448,968		75,448,968
Cash and short term investments	261,050,050		261,050,050
Contract loans	1,648,334,667		1,648,334,667
Other invested assets	282,870,531	1,259,564	281,610,967
Receivable for securities	2,342,429		2,342,429
Derivative instruments	51,303,494		51,303,494
Deposits in connection with investments	361,246		361,246
Investment income due and accrued	115,083,916		115,083,916
Premiums in course of collection	48,747,369	6,882,968	41,864,401
Deferred premiums	13,237,539		13,237,539
Amounts recoverable from reinsurers	101,015,261		101,015,261
Other amounts receivable under reinsurance	13,761,630		13,761,630
Federal and foreign income taxes	196,842,110		196,842,110
Net deferred tax asset	284,266,741	174,697,833	109,568,908
Guaranty funds receivable or on deposit	3,673,255		3,673,255
EDP equipment and software	6,630,011	6,599,240	30,771
Furniture & other non-admitted assets	25,742	25,742	0
Receivable from affiliates	4,491,178		4,491,178
Other amounts receivable	2,111,032	2,111,032	0
Cash surrender value of COLI in rabbi trust	70,739,379		70,739,379
Cash surrender value of COLI outside rabbi trust	38,127,230		38,127,230
Amounts due from reinsurance assumed	16,652,324		16,652,324
Disallowed interest maintenance reserve	45,258,810	45,258,810	0
Miscellaneous write-in assets	5,678,976	4,647,041	1,031,935
From Separate Accounts	<u>2,193,748,664</u>	<u>0</u>	<u>2,193,748,664</u>
Total Assets	<u>\$ 14,724,462,554</u>	<u>\$ 241,482,230</u>	<u>\$ 14,482,980,324</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$ 7,492,465,161
Aggregate reserve for accident and health policies	60,237,077
Liability for deposit-type contracts	91,923,806
Life policy and contract claims	40,800,277
Accident and health policy and contract claims	2,401,691
Policyholders' dividends due and unpaid	1,034,013
Policyholders' dividends apportioned for payment	172,678,812
Premium and annuity considerations received in advance	1,680,798
Provision for experience rating refunds	2,116
Other amounts payable on reinsurance	108,813,925
Commissions to agents due or accrued	12,700,501
Commissions and expense payable on reinsurance assumed	26,734
General expenses due or accrued	346,079
Transfers to Separate Accounts due or accrued	(3,075,778)
Taxes, licenses and fees due or accrued	1,520,875
Unearned investment income	30,305,494
Amounts withheld or retained by company as trustee	39,052,346
Remittances and items not allocated	7,090,441
Net adjustment due to foreign exchange rates	89,014,981
Liability for employee benefits not included above	42,733,163
Borrowed money	9,060,897
Asset valuation reserve	47,908,894
Reinsurance in unauthorized companies	483,854
Payable to affiliates	3,590,164
Funds held under coinsurance	197,204,678
Payable for securities	5,855,506
Payable under securities lending program	1,639,515,596
Legal contingency reserve	30,500,761
Claim stabilization reserve	9,321,987
Derivative instruments	5,804,867
Other write-in liabilities	6,556,600
From Separate Accounts	<u>2,193,748,664</u>
Total Liabilities	\$ 12,341,304,980
Common capital stock	\$ 3,000,000
Surplus notes	110,739,427
Paid in and contributed surplus	677,984,825
Unassigned funds (surplus)	<u>1,349,951,092</u>
Total Capital and Surplus	\$ <u>2,141,675,344</u>
Total Liabilities and Capital and Surplus	\$ <u><u>14,482,980,324</u></u>

SUMMARY OF OPERATIONS

Premium considerations	\$	502,602,334	
Considerations for supplementary contracts		485,484	
Net investment income		526,475,390	
Amortization of Interest maintenance reserve		(13,424,982)	
Commissions on reinsurance ceded		139,970,433	
Reserve adjustments on reinsurance ceded		(7,182,547)	
Income from fees associated with Separate Accounts		16,849,805	
Charges and fees for deposit-type contracts		275,692	
Miscellaneous income		11,602,693	
RGA pass-through expense		(3,877,213)	
Total Revenue			\$ 1,173,777,089
Death benefits		240,810,784	
Matured endowments		1,572,372	
Annuity benefits		22,591,220	
Disability benefits		8,419,305	
Surrender benefits and withdrawals for life contracts		366,406,872	
Interest on deposit-type contracts		11,741,882	
Increase in aggregate reserves		27,051,866	
Commissions on premiums		49,245,737	
Commissions and allowances on reinsurance assumed		23,581,228	
General insurance expenses		85,743,300	
Insurance taxes, licenses and fees		16,289,638	
Increase in loading on deferred and uncollected premiums		1,617,362	
Net transfers to (from) Separate Accounts		(39,729,799)	
Loss on sale of company use assets		1,404,513	
Increase (decrease) in other reserves		(2,273,072)	
Other deductions / (adjustments)		(180,897)	
Total Benefit Costs and Insurance Expenses			<u>814,292,311</u>
Gain from operations before dividends, federal income taxes and realized capital gains or (losses)			\$ 359,484,778
Dividends to policyholders		171,405,078	
Federal income taxes incurred		(33,480,127)	
Gain from operations after dividends and federal income taxes and before realized capital gains or (losses)			\$ 221,559,827
Net realized capital gains or (losses)		<u>94,939,999</u>	
Net Income			<u>\$ 316,499,826</u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, prior year		\$ 1,677,306,195
Net income	316,499,826	
Change in net unrealized capital gains (losses)	205,249,077	
Change in net unrealized foreign exchange capital gains (losses)	(5,983,133)	
Change in nonadmitted assets	325,790,760	
Change in net deferred income tax	(290,909,350)	
Change in liability for reinsurance in unauthorized companies	(357,237)	
Paid in surplus adjustment	1,261,227	
Change in surplus as a result of reinsurance	(49,675,101)	
Dividends to stockholders	(13,000,000)	
Other surplus adjustments	(264,000)	
Prior period adjustment	(16,907,212)	
Change in asset valuation reserve	(7,335,709)	
Examination changes		
Change in surplus as regards policyholders		<u>464,369,148</u>
Surplus as regards policyholders, December 31, 2006		<u>\$ 2,141,675,343</u>

EXAMINATION CHANGES

None.

NOTES TO FINANCIAL STATEMENTS

None.

GENERAL COMMENTS AND/OR RECOMMENDATIONS

Affiliated Agreements

Page 8

At December 31, 2006, General American Life Insurance Company was party to over thirty-five service, management and expense sharing agreements with affiliates. The majority of these agreements are dormant and no fees are being incurred under the agreements. Although no expenses have been incurred under these agreements, the services to be provided under various agreements often overlap. In addition, many of the agreements reference companies that no longer exist or have changed names. As a result, the Company has committed to DIFP that many of these dormant agreements will be terminated. It is recommended that the Company take steps to eliminate dormant or unnecessary agreements with affiliates.

Holding Company Registration Statement Form B Supplement

Page 8

Our examination of affiliated expenses discovered numerous errors in amounts reported on the Company's 2006 Form B Supplement. The Form B Supplement is a summary of expenses incurred/(earned) under affiliated agreements that is required as part of the annual Form B filing required by 20 CSR 200-11.101 (Insurance Holding Company System Regulation With Reporting Form and Instructions). These errors were not included individually in this examination report as they did not have a material impact on the Company's financial statement. However, the Company should take steps to ensure that amounts reported in the Form B Supplement are accurate in future filings.

Reporting of Special Deposits

Page 14

The Company failed to include some funds held on deposit in Canada in the Special Deposits Schedule of the 2006 Annual Statement. The book value of securities reported by the Company on Annual Statement Schedule E - Part 3 was understated \$316,103,190 and the fair value of those deposits was understated \$191,446,154. These assets are restricted and not available for the benefit of all policyholders and should be reported as such in future Annual Statement filings.

Examination Questionnaires

Page 17

Company management should place a higher degree of importance on the examination planning questionnaires and ensure that they are completed by the appropriate deadline for future examinations. If completed properly, this information can be used to expedite the examination process and reduce the number of requests necessary throughout the examination.

SUBSEQUENT EVENTS

The Company entered into a Loan Agreement dated June 21, 2007, which allowed it to borrow up to \$150 million from MetLife Credit Corporation, an affiliate. This agreement provides the Company short term liquidity to meet financial commitments or to take advantage of investment opportunities. The agreement was approved by the Missouri Department of Insurance, Financial Institutions and Professional Registration.


ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of General American Life Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Richard J. Hayes, CFE, John M. Boczkiewicz, CPA, CFE, John Rehagen, CFE and Michael Gruner, CPA, AFE examiners representing the Department of Insurance, Financial Institutions and Professional Registration, participated in this examination. Andrew Balas, DIFP Information Systems Financial Examiner reviewed the Company's Information Systems. Consulting actuary, Leon Langlitz, FCAS, MAAA, of Lewis & Ellis, Inc. reviewed the adequacy of the Company's reserves.

VERIFICATION

State of Missouri)
) ss
County of St. Louis)

I, Michael R. Shadowens, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.


Michael R. Shadowens, CFE
Examiner-in-Charge
Department of Insurance, Financial Institutions and
Professional Registration

Sworn to and subscribed before me this 9 day of April, 2008.


My commission expires:




Notary Public

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with the National Association of Insurance Commissioners procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.


Christiana Dugopolski, CPA, CFE
Audit Manager, St. Louis
Department of Insurance, Financial Institutions and
Professional Registration
Midwestern Zone, NAIC

General American Life Insurance Co.
18210 Crane Nest Drive
Tampa, FL 33647

MetLife®

May 6, 2008

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DEPT OF INSURANCE
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

Frederick G. Heese, CFE, CPA
Chief Financial Examiner
& Acting Division Director
Missouri Department of Insurance
301 West High Street, Room 530
P.O. Box 690
Jefferson City, Missouri 65102-0690

Dear Mr. Heese:

This letter is in response to the Department's Report of Financial Examination as of December 31, 2006, (the "Report") concerning General American Life Insurance Company (the "Company"). The report was received on April 21, 2008. Set forth below are the Report's General Comments and/or Recommendations followed by our responses to each of these comments.

1) AFFILIATED AGREEMENTS

At December 31, 2006, General American Life Insurance Company was party to over thirty-five service, management and expense sharing agreements with affiliates. The majority of these agreements are dormant and no fees are being incurred under the agreements. Although no expenses have been incurred under these agreements, the services to be provided under various agreements often overlap. In addition, many of the agreements reference companies that no longer exist or have changed names. As a result, the Company has committed to DIFP that many of these dormant agreements will be terminated. It is recommended that the Company take steps to eliminate dormant or unnecessary agreements with affiliates.

COMPANY RESPONSE:

The Company has nearly completed a comprehensive review of its service, management and expense sharing agreements with affiliates to identify any agreements that no longer serve any purpose and can be terminated. As a result, several of the agreements noted by the State of Missouri have already been terminated while several have expired on their own terms. The Company expects shortly to conclude its review of the remaining affiliate agreements, following which it will terminate any others that may be deemed to no longer serve any purpose.

2) FORM B SUPPLEMENT

Our examination of affiliated expenses discovered numerous errors in amounts reported on the Company's 2006 Form B Supplement. The Form B Supplement is a summary of expenses incurred/(earned) under affiliated agreements that is required as part of the annual Form B filing required by 20 CSR 200-11.101 (Insurance Holding Company System Regulation With Reporting Form and Instructions). These errors were not included individually in this examination report as they did not have a material impact on the Company's financial statement. However, the Company should take steps to ensure that amounts reported in the Form B Supplement are accurate in future filings.

COMPANY RESPONSE:

The Company acknowledges the Department's comments regarding the Form B Supplement. Going forward, the Company will take additional steps to enable a reconciliation between the Form B Supplement and the Annual Statement, as applicable, and to ensure accuracy of the amounts reported in the Form B Supplement.

3) SPECIAL DEPOSITS

The Company failed to include some funds held on deposit in Canada in the Special Deposits Schedule of the 2006 Annual Statement. The book value of securities reported by the Company on Annual Statement Schedule E -Part 3 was understated \$316,103,190 and the fair value of those deposits was understated \$191,446,154. These assets are restricted and not available for the benefit of all policyholders and should be reported as such in future Annual Statement filings.

COMPANY RESPONSE:

The Company acknowledges the Department's comments regarding the reporting of Special Deposits. Going forward, the Company will take additional steps to ensure that these funds are appropriately and completely reported in the Annual Statement.

4) EXAMINATION QUESTIONNAIRES

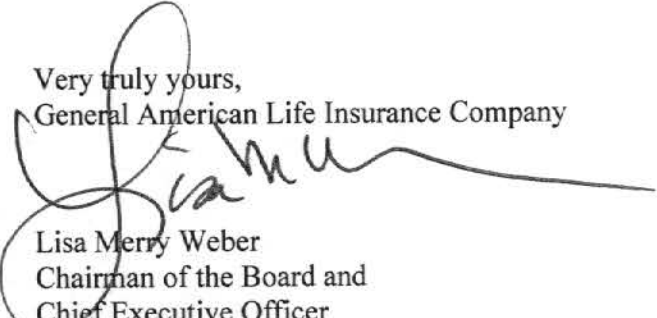
Company management should place a higher degree of importance on the examination planning questionnaires and ensure that they are completed by the appropriate deadline for future examinations. If completed properly, this information can be used to expedite the examination process and reduce the number of requests necessary throughout the examination.

COMPANY RESPONSE:

The Company acknowledges the Department's comments regarding the examination planning questionnaires. The Company will take additional steps to ensure that future examination questionnaires will be completed by the established deadlines.

We would like to thank the Department and its personnel for their efforts and courtesy during the course of this examination.

Very truly yours,
General American Life Insurance Company



Lisa Merry Weber
Chairman of the Board and
Chief Executive Officer